

Message Text

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ACTION EB-07

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SUBJ: US-ITALY ENERGY WORKING GROUP (EWG) - CONSULTATIONS
ON ELECTRICITY RATES

REF: (A) 75 ROME 9705, (?) 75 ROME 11916. (C) STATE 3644

1. FOLLOWING UP EARLIER EMBASSY CONVERSATIONS, ENEL OFFICIALS MASSA AND LIMBRUNO CALLED AT EMBASSY TO DISCUSS PROPOSED U.S. VISIT OF ITALIAN EXPERTS IN FIELD OF ELECTRICITY-RATE STRUCTURES AND UTILITY OPERATIONS. CURRENT ENEL THINKING IS FOR TWO-WEEK VISIT BEGINNING FIRST PART OF APRIL. DELEGATION WOULD BE COMPOSED OF ING. NICOLA MASSA, ENEL CENTRAL DIRECTOR FOR DISTRIBUTION, AND DR. ALFONSO LIMBRUNO, ENEL VICE-CENTRAL DIRECTOR (WITH RESPONSIBILITIES IN RATE STRUCTURE DETERMINATION). ENGLISH ABILITY, UNFORTUNATELY, SEEMS LIMITED BUT MASSA AND LIMBRUNO ARE CONFIDENT OF THEIR ABILITY TO MAKE DO WITH ASSISTANCE FROM LOCAL ITALIAN OFFICIAL REPRESENTATION. THEY ARE THE MOST CONCERNED AND KNOWLEDGEABLE ITALIAN OFFICIALS IN THIS AREA.

2. RE SUBJECT OF VISIT, ENEL OFFICIALS EXPRESSED CONSIDERABLE ENTHUSIASM FOR THE OUTLINE OF THE PROGRAM SUGGESTED REFTEL (C) AND CONTRIBUTED DISCUSSION TOPICS PAPER (BEING FORWARDED UNCLASSIFIED

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BY AIRGRAM). BRIEFLY, PAPER INDICATES INTEREST IN (A) BACKGROUND

ON STRUCTURE, WITH REFERENCE TO DISTRIBUTION; (B) CONSUMPTION AND TARIFF ASPECTS, SPECIFICALLY, STRUCTURE OF CONSUMPTION, TARIFF FORMULATION CRITERIA, TARIFF STRUCTURES, SPECIAL TARIFFS FOR LOAD CURVE IMPROVEMENT, AND (C) CONSUMER RELATIONS, PARTICULARLY, BILLING AND PAYMENT PROCEDURES.

3. IN ADDITION, MASSA EMPHASIZED PARTICULAR INTEREST IN (A) OPPORTUNITIES TO DISCUSS PROBLEMS DIRECTLY WITH OPERATING UTILITIES HAVING LOAD STRUCTURE AND CONSUMPTION CHARACTERISTICS SIMILAR TO THAT OF ENEL. THIS WOULD SUGGEST VISITS TO THE WEST COAST, WHERE CLIMATOLOGICAL CONDITIONS AND DISTRIBUTION AREA MAY CLOSELY RESEMBLE ITALIAN EXPERIENCE; (B) TARIFF EXPERIENCES AND STRUCTURES, PARTICULARLY DIFFERENTIALS BETWEEN LARGE AND SMALL USERS. MASSA EXPLAINED THAT FOR POLITICAL REASONS, ENEL MUST CHARGE LARGE INDUSTRIAL USERS PROPORTIONATELY MORE THAN IT IS POSSIBLE TO CHARGE FOR HOUSEHOLD USE WITH UNFORTUNATE EFFECTS ON ENEL'S BALANCE SHEET AND LOAD PATTERN; (C) BILLING PRACTICES, PARTICULARLY RELATED TO FREQUENCY OF METER READING, INVOICING FREQUENCY AND METHODS AND HANDLING OF DELINQUENT ACCOUNTS; AND (D) MACHINERY AND EQUIPMENT USED IN REGISTERING ELECTRICITY CONSUMPTION AND PROCESSING CONSUMER ACCOUNTS. RE (D), MASSA EMPHASIZED THAT HE WOULD PREFER TO EXCHANGE EXPERIENCES WITH UTILITY EXECUTIVES RATHER THAN TALK WITH EQUIPMENT SUPPLIERS.

4. /ACTION REQUESTED/: DEPARTMENT REQUESTED TO BEGIN OUTLINING PROGRAM FOR MASSA AND LIMBRUNO BASED ON REFTL (C) AND ABOVE. IN ADDITION TO AGENCIES LISTED, PERHAPS EXIM BANK, GENERAL ELECTRIC AND WESTINGHOUSE MIGHT BE INTERESTED, THE LATTER TWO TO PROVIDE HOSPITALITY AND ASSISTANCE SINCE ENEL IS A SIGNIFICANT, IF INDIRECT, CUSTOMER. WE BELIEVE IT WOULD BE USEFUL FOR MASSA AND LIMBRUNO TO HAVE AS MUCH INFORMATION AS POSSIBLE ON ROLE OF NARUC, FPC, FEA, EDISON ELECTRIC INSTITUTE ETC. TO ENABLE THEM TO BETTER INTERPRET OUR PROGRAM IN LIGHT OF THEIR INTERESTS. EMBASSY WILL TRANSMIT BROCHURES ETC. FROM DEPARTMENT TO ENEL. VOLPE

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